



DEPARTMENT OF STATE INSTRUCTION

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NO.: CA-3327, October 17, 1956,

SUBJECT: Studies of the Mutual Security Program.

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TO: All Diplomatic and Consular Posts

Both the Executive and Legislative branches of the Government are conducting extensive studies of our entire Mutual Security Program. This is to inform all posts of the existence of the official studies under way and, so far as they are known, of the plans for conducting them. When information of concern to particular posts becomes available it will be transmitted by telegram.

THE EXECUTIVE BRANCH

The President has appointed a group known as the "President's Citizen Advisers on the Mutual Security Program." The group has the following membership:

Mr. Benjamin F. Fairless, former Chairman of the Board, United Steel Corporation, coordinator of the group's work.

Jesse W. Tapp, Vice-Chairman, Board of Directors, Bank of America, Los Angeles, Cal.

Colgate W. Darden, Jr., President, University of Virginia, Charlottesville, Va.

John L. Lewis, President, United Mine Workers of America.

Walter Bedell Smith, former Director, CIA; Vice-Chairman, American Machine and Foundry Company, Washington, D.C.

Whitelaw Reid, Chairman of the Board, New York Herald-Tribune.

Richard H. Deupree, Chairman of the Board, Proctor and Gamble Company, Cincinnati, Ohio.

State Dept review completed

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DRAFTED BY:

U/MSA:NEB:ajh 10-15-56

CLEARANCES:

H - Mr. Claxton

APPROVED BY:

U/MSA - Robert G. Barnes

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In his letter to the members of the group, the President outlined very broad terms of reference. He has asked to receive a progress report from the group by December 1, 1956 and a final report by March 1, 1957.

The Department has not been yet informed of any plans for travel abroad the members of the group may have.

SENATE

Senate Resolutions 285, which is quoted in an appendix to this instruction, authorized the Committee on Foreign Relations to arrange for exhaustive studies of the extent to which foreign assistance by the United States Government serves, can be made to serve, or does not serve, the national interest. The Committee is to report the results of its study to the Senate by January 31, 1957. The Special Committee established pursuant to the Resolution has concluded contracts with a number of organizations for studies and reports on specific aspects of the problem. The organizations and their assignments are listed below:

- 1) Brookings Institution -- Administration of the program.
- 2) Massachusetts Institute of Technology -- Basic assumptions underlying economic assistance.
- 3) Columbia University Institute of War and Peace Studies -- Policy aspects of military assistance.
- 4) Systems Analysis Corporation -- Program aspects of military assistance.
- 5) National Planning Association -- Impact of aid programs on our domestic economy.
- 6) American Enterprise Association -- Role of private enterprise.
- 7) Lewis J. Kroeger and Associates -- Personnel.
- 8) University of Chicago -- The processes of economic development.

The Department understands that two additional studies, on disposals of surplus agricultural commodities and the role of other developed countries, are planned, but contracts have not yet been placed.

So far

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So far as the Department knows now, the above studies will be conducted in the United States. The Department of State, the Department of Defense, ICA, and other Executive agencies, are cooperating with the various organizations when appropriate.

In addition to the above, the Special Senate Committee has entered into agreements with certain individuals who will make studies related to the Mutual Security Program in the areas indicated below. They will probably be accompanied by the senatorial staff assistants named.

- 1) Kenneth Royal, former Secretary of the Army, non-NATO Europe, and possibly North Africa.

No date set for trip.

- 2) Clement Johnston, Chairman, Board of Directors, United States Chamber of Commerce, Southeast Asia, accompanied by John Carlton, assistant to Senator George.

Trip to start about November 1.

- 3) James C. Dunn, former Ambassador, Near East, accompanied by Charles Weaver, assistant to Senator Aiken.

Trip to start about November 1.

- 4) Norman Armour, former Ambassador, Greece, Turkey and Iran, accompanied by David Hitchcock, assistant to Senator Smith of New Jersey.

Trip to start about October 25.

- 5) Dr. Lewis Webster Jones, President of Rutgers University, Afghanistan, Pakistan, India and Ceylon, accompanied by J. Clement Lapp of the Library of Congress Staff but working with the Senate Committee on the study.

Trip to start October 18.

- 6) James Minotto, former ECA Director in Portugal, Central America.

Trip to start about November 1.

Other consultants will probably be named for surveys in other areas. When the Department is informed of the itineraries for these trips and is given other details concerning them, the posts concerned will be advised by telegram.

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The Department understands that the Senate Special Committee plans to send a questionnaire to the employees abroad of American firms and organizations with which ICA has contracts and in addition has requested a number of firms and organizations which have no contractual relationship with ICA to send questionnaires to their American employees abroad.

HOUSE OF REPRESENTATIVES

The House Committee on Foreign Affairs, pursuant to a resolution it adopted in June, is conducting hearings in connection with its study of foreign policy as it relates to the Mutual Security Program. This committee will conduct its study through a series of hearings on specific topics. It has now heard Paul Hoffman, John McCloy, T. K. Finletter and Howard Peterson on foreign policy in general; George Kennan, several Russian experts, Deputy Under Secretary Murphy and Admiral Radford on the Soviet strategy. The Committee plans later hearings on such subjects as colonialism, implications of new weapons, etc. The Committee hopes to prepare its findings and recommendations by February 1, 1957. So far as the Department is aware, this committee has no present plans for trips to the field.

The House Committee on Appropriations stated in its report on the Mutual Security Appropriation, 1957, that "it proposes to have a thorough investigation made during the next year of both the military and non-military phases of the program." The Department has not been informed as to the direction this investigation will take. Several members of the committee, however, are abroad studying the program at the present time.

ACTION REQUESTED

Missions are requested to report to the Department on visits in connection with these studies. Reports should contain an indication of the questions asked and the answers given and should forward copies of written material given to the visitor.

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ATTACHMENT TO CIRCULAR INSTRUCTION
STUDIES OF THE MUTUAL SECURITY PROGRAM

S.RES.285

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RESOLUTION

Whereas there has been no public, nonpartisan examination of United States foreign aid policies since studies undertaken prior to the beginning of the Marshall plan; and

Whereas an important portion of the United States Government budget has been and is being devoted to foreign aid programs; and

Whereas since the inception of foreign aid programs fundamental changes have taken place in the world situation and in the relative strength of countries both friendly and unfriendly toward the United States: Now, therefore, be it

RESOLVED, That there shall be established a committee which shall make exhaustive studies of the extent to which foreign assistance by the United States Government serves, can be made to serve, or does not serve, the national interest, to the end that such studies and recommendations based thereon may be available to the Senate in considering foreign aid policies for the future.

SEC. 2. (a) The committee shall be composed of the full membership of the Senate Committee on Foreign Relations and the chairman and ranking minority members of the Senate Committee on Appropriations and the Senate Committee on Armed Services. In the event a Senator is the ranking minority member of both the Senate Committee on Appropriations and the Senate Committee on Armed Services, he shall, for the purposes of the first sentence of this sub-section, be deemed to be the ranking minority member of the Senate Committee on Appropriations and the second ranking minority member of the Senate Committee on Armed Services shall, for the purposes of such sentence, be deemed to be the ranking minority member of the Senate Committee on Armed Services.

(b) Any vacancy in the membership of the committee shall not affect its powers and any vacancy in the membership of the committee shall be filled in the same manner as provided for determining the original membership.

(c) The chairman

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(c) The chairman of the committee shall be the chairman of the Senate Foreign Relations Committee.

(d) Ten members of the committee shall constitute a quorum.

SEC. 3. The committee shall, without limiting the scope of the study hereby authorized, direct its attention to the following matters.

(a) The proper objectives of foreign aid programs and the criteria which can be used to measure accomplishment.

(b) The capability of the United States to extend aid, in terms of the Nation's economic, technical, personnel, and other resources.

(c) The need and willingness of foreign countries to receive aid, and their capacity to make effective use thereof.

(d) The various kinds of foreign aid and alternatives thereto as well as the methods by which and conditions on which aid might be furnished.

(e) The related actions which should be taken to make foreign aid effective in achieving national objectives.

SEC. 4. The committee shall transmit to the Senate not later than January 31, 1957, the results of the study herein authorized together with such recommendations as may at that time be found desirable.

SEC. 5. In the conduct of this study full use shall be made of the experience, knowledge, and advice of private organizations, schools, institutions and individuals. The committee may divide the work of the study among such groups and institutions as it may deem appropriate and may enter into contracts for this purpose. Full use shall be made of studies and plans prepared by executive agencies, and such agencies are requested to give the committee or any of its authorized study groups or consultants such assistance as may be required.

SEC. 6. (a) For the purpose of this resolution, the committee is authorized to employ on a temporary basis through January 31, 1957, such technical, clerical or other assistants, experts and consultants as it deems desirable. The expenses of the committee under this resolution, which shall not exceed \$300,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee. The chairman may designate one or more members who may act for him for the purpose of this resolution.

(b) For the

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(b) For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such places and times, to require, by subpoena or otherwise, the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures, as it deems advisable. The committee shall cease to exist at the close of business on January 31, 1957.

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